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Memorandum

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Arizona Corporation Commission

DOCKETEDAZ CORP COMMISSION
DOCUMENT CONTROL

FEB 08 2001

To: Distribution List
From: M. Nancy Cole, Docket Administrator, Hearing Division
Thru: Lyn Farmer, Chief Administrative Law Judge
Date: 02/08/01
Re: IN THE MATTER OF THE APPLICATION OF SANTAN POWER PLANT FOR APPROVAL AUTHORIZING CONSTRUCTION OF A NATURAL GAS-FIRED COMBINED CYCLE GENERATING FACILITY AND SWITCHYARD IN GILBERT, ARIZONA. DOCKET # L-00000B-00-0105.

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Docket received several letters regarding the SanTan Generating Facility. If you wish to review these letters, the originals are on file with Docket Control Center of the Arizona Corporation Commission, 1200 West Washington, Suite #108, Phoenix, Arizona 85007.

02/04/2001

GENTLEMAN:

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2001 FEB -8 A 9:39

AZ CORP COMMISSION

WITH RESPECT, I MUST COMMENT ON THE CURRENT SITE EXPANSION OF SRP UNDER CONSIDERATION BY THE CORPORATION COMMISSION.

I AM A LONG TIME RESIDENT OF THE STATE (20+ YEARS) AND HAVE WATCHED WITH BOTH DELIGHT & DISMAY THE GROWTH OF OUR VALLEY. CURRENTLY, MY GREAT CONCERN IS THE OUTCRY AGAINST THE EXPANSION OF SRP'S SAN TAN FACILITY.

OUR VALLEY IS ONLY STARTING TO SEE THE REPRECUSIONS OF EXPLOSIVE GROWTH... YET ANY PLANNED PROGRESS OUTSIDE OF NEW HOUSING DEVELOPMENTS, GOLF COURSES, SHOPPING MALLS IS MET WITH HARSH & BLIND RESISTANCE.

I CAN ONLY HOPE THAT ARIZONANS ARE AWARE OF THE POWER SHORTAGE IN CALIFORNIA... HOWEVER, ARE THEY AWARE THE SHORTAGES ARE SELF AFFLICTED? THE "NOT IN MY NEIGHBORHOOD" SYNDROME. I HAVE

I HAVE ENCLOSED A COPY OF A COMMENTARY FROM BUSINESS WEEK - 02/05/2001 LISTING 3 SITES TURNED DOWN BY VARIOUS LOCATIONS - THE "NOT IN MY NEIGHBORHOOD" SYNDROME. YOU WOULD HAVE TO WONDER WHAT IMPACT THOSE SITES WOULD HAVE MADE IN REDUCING THE SHORTAGES. THEIR OPPORTUNITY HAS PASSED.... WE STILL HAVE A CHANCE TO AVOID THE SAME COURSE.

THE QUESTION THAT PUZZLES ME IS AS TO WHY THE PROTEST CRY OF "IT WOULD DESTROY THE PROPERTY VALUE OF OUR HOMES WHEN THE PLANT WAS THERE WHEN OWNERS TOOK OCCUPANCY. ROLLING POWER OUTAGES CREATED BY SHORTAGES WOULD NOT ONLY DEVALUE PROPERTIES BUT IMPACT THE ESSENCE OF OUR SOCIETY. IMAGINE ROLLING POWER OUTAGES IN THE HEAT OF OUR SUMMER.

WE NEED TO BECOME WISE CUSTODIANS OF THE RESOURCES WE HAVE.. IT HAS TO BE A COLLECTIVE EFFORT.. THE "NOT IN MY NEIGHBORHOOD" HAS TO BE PUT TO REST.

SEVERAL WESTERN STATES HAVE ALREADY BEEN CALLED UPON BY THE FEDERAL AGENCIES

WASHINGTON STATE/OREGON TO SELL
POWER TO CALIFORNIA. WHO IS GOING TO
HELP ARIZONA?

GENTLEMEN, I THANK YOU FOR YOUR TIME
& CONSIDERATION.

Charlotte Cox
480-893-3111

COMMENTARY

By Christopher Palmeri

CALIFORNIA: ALL SIDES MUST TAKE A HIT

The fallout from California's eight-month long electricity crisis is spreading rapidly: Factories are closing in Montana and Washington. Utilities are asking for or already have won double-digit rate increases in Idaho, Wyoming, Nevada, and Oregon. The repercussions are being felt as far away as Pennsylvania, where GPU Inc. has asked regulators for permission to charge customers an additional \$145 million to cover

\$55 a megawatt hour. That price would have ensured that the state didn't lose money on new power that it is trying to buy from private generators around the country. Davis insists that the state can buy power without passing along permanent rate increases to consumers.

Davis, a Democrat, seems to be making the same mistake as his predecessor, Republican Pete Wilson. He's trying to find a solution to the

these groups to make sacrifices. So far, none of them has shown much willingness to do so. Consider consumers. Overlooked in the debate that surrounded the California Public Utilities Commission's decision to raise rates 9% for residential customers earlier this year was the fact that rates had been cut 10% three years ago as part of the deregulation law. Even after the current temporary rate increase, consumers are paying

less for electricity. Rate increases are unpopular, but they're a necessity in a free market. Just as important, asking Californians to pay more for the power they consume is the surest way to coax them into doing a better job of conserving energy.

Even with blackouts roiling the northern half of the state, builders of new power plants continue to battle the not-in-my-backyard syndrome. San Jose has rejected a proposed new plant that had been signed off on by the Sierra Club, among others. Cisco Systems Inc. and other potential neighbors didn't want the plant next to them. Meanwhile, local politicians are fighting the reopening of two closed generators in Huntington Beach on environmental grounds. On Jan. 23, the city of South Gate, near Los Angeles, also shot down a new plant proposal.

Producers must make concessions as well. They have passionately opposed caps on the wholesale price of power. So does the Bush Administration. But with prices having soared as high as \$1,500 a megawatt hour in recent weeks, up from an average of \$30 a year ago, a reasonable safety net to prevent gouging is needed.

To fix the electricity nightmare and ease the burden it is placing on the rest of the country, Davis will have to do something painful: force everyone to take a hit. Otherwise, this bad dream will keep recurring.

Correspondent Palmeri covers energy issues from Los Angeles



A SPREADING CONTAGION?

WASHINGTON Consumer rates in Seattle may jump by as much as 23%. Industrial customers have closed factories. Aluminum makers with long term contracts have cut production and are selling power at high prices instead.

OREGON The state's two biggest utilities are asking for rate increases of up to 15%. Oregon's deregulation law allows industrial customers to buy power in the open market in October. Most will stick with regulated utility rates.

NEVADA Sierra Pacific Resources raised rates up to 11%. But the governor wants the state to become a "Mecca" for new power plant construction to supply California, and regulators have reduced red tape for plant approvals.

the cost of buying power in the sky-high wholesale market. "California sucked all of the electricity from the Western states," says Chuck Watson, chairman of energy marketer Dynergy, Inc. "It is reverberating throughout the country."

Clearly, California's power woes are far more vexing than anyone initially realized. The latest development: California's Water Resources Dept., charged with buying electricity on behalf of the state's cash-strapped utilities, conducted an online auction that ended on Jan. 24. California Governor Gray Davis had hoped that bids would come in below

state's energy problems in which nobody gets hurt. In Wilson's administration the problem was that regulated power prices were too high. The deregulation bill he signed in 1996 gave a little something to everyone. Consumer groups got a rate cut. Utilities got the ability to recover billions of dollars they claimed they were owed for old power plants. Power producers got access to a lucrative new market. And environmental groups were assured that the state's strict clean-air policies would be honored.

Truly solving California's electricity problem, however, will require all of